

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF VIRGINIA
CHARLOTTESVILLE DIVISION

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)	
MICHAEL DONALDSON,)	
)	
Plaintiff,)	
)	
v.)	Case No.: 3:18CV00097
)	
TRAE FUELS, LLC., et al.)	
)	
Defendants.)	
)	
)	

DEFENDANTS' MOTION FOR SUMMARY JUDGMENT

EXHIBIT 7

Observations regarding Michael Donaldson
Trae-Fuels Manufacturing Controller

I will provide observations and conversations that I have had with Michael Donaldson over the last 8 months in the following write up.

We hired Mike Donaldson to perform the duties as the manufacturing controller for our subsidiary Trae-Fuels. As part of this job Mike is supposed to be responsible for the financials for the company, manufacturing costing, inventory management, day to day accounting functions, oversight of some admin employees, as well as the strategic direction of the company from his perspective as the controller. This also includes continual reporting and strategic communication of those reports to the management team within Trae-Fuels, as well as the management team within EnviroTech its parent company.

The first few months of Michael performing in the job was for training and understanding of the company as well as the IFS computer system (which the company uses as its ERP system). This is the same system that the EnviroTech Services, Inc. utilizes as its ERP system. EnviroTech formed a team to train Michael on the ERP system as well as work with him on how to setup Trae-Fuels on this system as well. Being that this was a startup that was formed in July of 2013, some of this setup had occurred prior to Mike being hired. When Mike came on board in November of 2013, we first had him come to the corporate office in Greeley Colorado to train for a week on how to use IFS. We brought in an IFS third party trainer from a company named Khaga to help train Michael on the workings of the system. We also made available ESI's controller, assistant controller, costing technician and myself the CFO to assist in training him in the system and to work with him on setting up Trae-Fuels correctly.

We noticed during this training that Michael was slow on the uptake, but saw enough progress that we determined that he could be trained in IFS, and be able to learn it over the next couple of months. During this time we trained Mike pretty heavy on the general ledger, costing components, manufacturing module, A/R, A/P, financial reporting, etc. Michael has continually represented to us that he has worked with several high end ERP systems, and was familiar with how they generally worked. After Michael left Greeley, we setup weekly calls and had people available via phone conference and web conference to help him continue to pick up IFS and setup the company. We constantly asked Mike to be sure that he contacted us with any issues or questions or additional training he needed to understand the system, as well as additional setup and functionality that IFS has. Over the next couple of months we worked with Mike on making sure that we had things setup and on a couple of occasions sent people (our controller and costing technician) out to Bumpass, VA to continue with his training and further add data to the ERP system.

During these communications and training, our people started to notice that they were having to retrain Mike on several items, and also started to get the general sense that he was not getting certain concepts within the ERP system. He particularly had problems with the supplier side of the system, as well as understanding the costing and manufacturing modules. Because of this we gave continual support and kept our people involved multiple times a week to make sure that we were getting the correct data and also helped train and setup the more complex items within IFS. Although we noticed that Mike was

struggling in this area, we thought that we could continue to train him to get him up to speed based on repetition and continual support. It also became apparent that Mike was a very analytical and methodical worker. It would often take him more time than should have been reasonably needed to complete tasks, as well as make decisions on how to input or report certain items. EnviroTech's controller and I continually voiced to Michael that he was over analyzing certain tasks, and even got to the point where we would tell him that as the controller, he needed to be more dynamic and less analytical to insure that he got things done in a timely manner for the company. We also started to notice that this slow work pace and over analysis was causing issues in him getting timely information to the General Manager.

As I mentioned before we had setup weekly meetings with Mike (which included Mike, myself, our Controller and assistant controller), and during these meetings we would discuss any items that Mike or Trae-Fuels needed help with, and made sure that we had discussion either during the meeting or offline after the meeting on how to address them. It was common for an item to get addressed later between Mike and our controller or assistant controller. After about 4 or 5 months, Mike started to become familiar with IFS, and was able to get reports and information out on a timelier manner. I did notice that Mike was doing a good job at getting the financials closed in a timely manner, and was starting to pick up some of the more complicated functions we had trained him on. We however still saw that Mike would do a lot of things offline from the IFS system, whether it be in excel or manual paperwork, and then would input this information into IFS. It got to the point that our controller noticed that he was doubling his effort by doing this, and she had several conversations with Mike that he did not need to do this manual system, and that he could do this in IFS only once. I was also involved in a couple of these conversations during our Friday meetings. We started to notice resistance to our suggestions regarding this extra work, and we continued to explain to Mike that he did not need to do this, and even in some cases said that he needed to stop doing it manually.

Our controller spent several work sessions with Mike going over better ways to do things in IFS, and we both told him that while he can get away with duplicating work now when it was not as busy, that this would overwhelm him when things started to pick up and get busier. It is my personal observation that this is why Michael appears to be busy, even though the company is not even close to being at full production. As part of this slow and methodical work pace, I also noticed within the last couple of months, that we would have conversations with Mike about a way to do something, or setup something, and then after several weeks had gone by, notice the work still had not been done.

One example was the inventory management protocols within Trae-Fuels. I have spent several meetings with Michael explaining that we needed to have tight inventory controls and management, as this could cause the financials to be misrepresented. I even made a couple of trips to discuss this with the Trae-Fuels management team. I emphasized how important this was. I told Mike that he needed to be the person responsible to make sure that we had accurate inventory and logs so as to insure that we did not have any write-offs. Each time I would discuss this, he would state that they were working on it, and while he had put some measures in place, we have noticed that there are several gaps around items I had specifically discussed with him. I also have noticed that Mike has a pretty timid demeanor and is passive aggressive when it comes to voicing his opinion to other managers. I believe that this is a big reason why some of these initiatives are not being finished, or are taking longer than they should.

Michael will continually tell us that he told the GM or the plant supervisors that we should not do this, but I could never see where he would step up and voice his opinion in a very strong manner that he had issues with this.

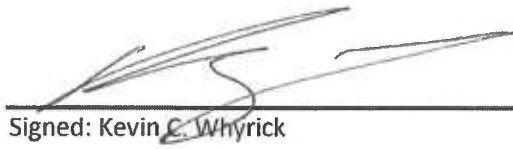
This timid and passive aggressive nature also started to be noticed about two months ago by other members of EnviroTech as well as the GM for Trae-Fuels. Because of this, a few of us coached Michael that he needed to be the person that represented the company from a financial point of view, and that if he has concerns or suggestions, that it is his duty to make them known to the Management teams within Trae-Fuels and EnviroTech. We also coached him that he needed to be a leader that would help drive these initiatives within the company. During these coaching sessions a common reply would be that he can't force people to do things, and could only let them know his opinion. We continually coached Mike that you can't make people do things, but there are ways to speak up and create dialog that would help people understand and appreciate your point of view.

It was at this point that both Trae-Fuels' GM and members of EnviroTech's management started to question whether Mike could perform the higher level duties of his job as the controller and as a manager. We noticed that he would provide pretty accurate data, but would not help the GM or key management understand what that data meant, nor what decisions should be made based on that data. It was during this time that the plant was still not performing like it should have, and more reporting questions were being asked of Michael. We were looking for him to provide cash flow statements and projections for the company, as well as production logs, financial reports and other key reports to help us to monitor and improve the company's situation. Michael would commonly put these reports together and just send them out, or set them on the GM's desk. When told by the GM that he needed to meet with him to go over these reports, Michael would fail to do so. We also noticed that the reports quality was not nearly as expected either. There were cash flow projections that would take one month from the past and project it forward. As this was one of the costlier months, the data we received was not meaningful.

EnviroTech's HR manager, the GM for Trae-Fuels and EnviroTech's corporate strategy manager had a formal sit down with Michael to tell him that he was not performing the duties as the manufacturing controller as were expected by the parent company or the General Manager of Trae-Fuels. They also discussed with him that we needed him to step up as a leader. Since this conversation, Michael has put some effort toward getting better with communication, but he is still lacking the leadership and strategy needed for this position. I am continually seeing more and more instances of Michael not getting us the correct information, or not getting us the information in a timely manner.

Recently Michael has been dealing with some health issues. As part of this, we have told him that we will support him, but need him to communicate with us when he will miss work, and help us find people to fill in while he is gone. We have had a couple of instances, when Michael left his work to go to the doctor, and has not finished items and did not tell anyone or ask for help. In one case, he left his phone with the GM and asked him to deal with any calls and/or messages.

Based on these observations, I seriously question whether Michael will be able to adequately fill the role we hired him for as the manufacturing controller for Trae-Fuels.



Signed: Kevin C. Whyrick

07-03-14